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Department of State

TELEGRAM

PET 14 LIBYA
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XR PET 6 LIBYA
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INDICATE:
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362 24 SEP 70 1858Z

DISTRIBUTION

ACTION: Amembassy TRIPOLI

INFO: Amembassy LONDON
THE HAGUE

SUBJ: Oil Negotiations

DEPARTMENT OF STATE A/CDC/HR
REVIEWED BY [redacted] DATE 9/1/81
PORTIONS DENIED AS INDICATED

REF: State 156345; Tripoli 2299

LIMDIS

1. Assistant Secretary Trezise September 23 called [redacted] B4 to express concern over current negotiations. [redacted] B5

2. [redacted] said there was no justification for B4 retroactivity. Despite desire not to negotiate "with a gun at our heads", [redacted] major companies might B4 be prepared for an increase in the current posted price but that they could not agree on any increase that would last as long as five years. Posted prices in the future, would have to depend on market conditions. [redacted]

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:
E:ORF:FSE:WClark:wz	9/24/70	20681	E/ORF - Julius L. Katz

CLEARANCES:
AF/N - Mr. Blake
E - Mr. Burns

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ACTION:

2

[redacted] majors would "hang heavy" on issues of retroactivity and permanent posted price increases, and that this could result in cutback of their production to zero. B4

3. Frezise said this would cause us enormous concern and that the impact on Western Europe of additional cutback in Libyan production would be most serious.

4. [redacted] crunch would come next week when negotiators from major oil companies meet with Libyans and that he would keep us informed of developments. B4

END.

ROGERS

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